

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7309

BILL NUMBER: HB 1687

NOTE PREPARED: Jan 30, 2003

BILL AMENDED:

SUBJECT: Gasoline Tax.

FIRST AUTHOR: Rep. Liggett

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED:

X **GENERAL**
X **DEDICATED**
X **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill replaces the per gallon tax on the use of gasoline with a 1.17 cent per mile tax for 2004 and a 1.29 cent per mile tax for 2005. It provides for the annual conversion of the per mile tax to a per gallon rate based on a formula involving the annual motor vehicle miles of travel for Indiana and the annual total certified taxable gallons of motor fuel. The bill provides for an annual adjustment to the per gallon conversion rate for inflation. It provides that the rate may not exceed \$0.20 in 2004 and \$0.22 in 2005. The bill provides that the per gallon conversion rate may not be reduced below the conversion rate of the previous year.

The bill also provides for distributions to match: (1) 2003 distributions from the Motor Vehicle Highway Account and the Local Road and Street Account; and (2) County Wheel Tax and County Motor Vehicle Excise Surtax collections. The bill eliminates the Local Road and Street Account. It requires at least 25% of the distributions from the Motor Vehicle Highway Account to be used for the purposes of the Local Road and Street Account. It makes conforming changes. The bill imposes a supplemental gasoline tax if the federal gasoline tax is reduced below the per gallon rate imposed on January 1, 2003.

Effective Date: July 1, 2003; January 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues: The bill attempts to capture lost Gas Tax revenue as a result of fuel efficiencies. In addition, it increases the Gas Tax by two cents in 2004, and another two cents in 2005. In addition, the proposal provides for counties which adopt the County Motor Vehicle Excise Surtax to have first call on any excess revenue accruing to the Motor Vehicle Highway Account. The match would be based on a dollar-for-dollar basis insofar as excess revenue was available. The increase in revenue attributable to the increase in the Gas Tax is currently being determined.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Transportation.

Local Agencies Affected: Recipients of Motor Vehicle Highway Account, Local Road and Street Account, and County Motor Vehicle Excise Surtax collections.

Information Sources: Larry DeBoer, 232-9844; Federal Highway Administration data; Congressional Budget Office data; Department of Revenue data; Dan Bastion, 232-3309, State Auditor's office.

Fiscal Analyst: James Sperlik, 317-232-9866.